

**Minutes of the Meeting of
Shropshire and Wrekin Fire and Rescue Authority
Pension Board
held in the Oak Room, Headquarters, Shrewsbury
on Friday, 16 November 2018 at 1.30 pm**

Present

Members

Employer Representatives

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|--------------|----------------------------|-----------|
| Andy Johnson | Deputy Chief Fire Officer | DCFO |
| James Walton | Treasurer and S151 Officer | Treasurer |

Member Representatives

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| Matt Lamb | Brigade Secretary, Fire Brigades Union | ML |
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Officers

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| Vicky Jenks | Senior Pension Officer, Shropshire Council | SPO |
| Lynn Ince | Executive Support Officer | ESO |

1 Membership Discussion

There have been no changes in membership since the last meeting. The DCFO thanked ML for continuing as the FBU employee representative following his move to a regional FBU post.

2 Apologies for Absence

Tony Talbot

3 Conflicts of Interest

The Treasurer declared a potential conflict of interest in that he is the Pension Scheme administrator of the Shropshire County Pension Fund (SCPF). The Treasurer stated he was happy to leave the room if required during the meeting.

A standard Conflicts Register needs to be developed to record conflicts of interest. Membership of pension scheme(s) does not need to be declared as a conflict of interests but a form is needed to record any other conflicts. This may include administrative conflicts relating to the current pensions contract and any future contracts or if individual pension cases were being considered.

Action: ESO to draw up form and send to Board Members for completion.

4a Minutes

Resolved that the minutes of the Pension Board meeting, held on 24 April 2018 be agreed and signed by the Chair as an accurate record of the meeting.

4b Pension Board Action List

Resolved that the Board note progress recorded against the actions on the Action List.

5 Terms of Reference and Board Member Undertaking

The Board considered its Terms of Reference and the changes proposed to them which concerned increasing the number of Board meetings per year from two to three. The DCFO advised that best practice is to have more than two meetings per year with an expectation that four will be held however three per year seems to be a good compromise.

The Board agreed that all current Board Members should complete the Member Undertaking form.

Action: ESO to send out Member Undertaking form to Members for completion.

Resolved that the Board agree the proposed changes to its Terms of Reference

6 Pension Board Work Plan and Meeting Schedule

The Board considered the Pension Board Annual Work Plan and identified the following with regard to it:

- Standing items to be flagged on workplan
- Membership and Key Performance Indicator statistics to be taken out of June meeting as currently only two meetings per year specified in Pension Contract – Feb and Oct take out of June. Reporting periods are January to June and July to December so reports will be brought to February and October meetings
- Register of Internal Disputes to be included as standing item for each meeting

Action: ESO to update workplan as per above bullet points.

Resolved that the Board agree the Pension Board Annual Work Plan

7 The Pensions Regulator (TPR) Communications to Boards

None

The Board queried if there had been any recent communication from TPR. The SPO advised that she does receive updates from TPR and that Board Members should be on the mailing list for any information from TPR that is relevant to Board Members.

Action: DCFO and SPO to liaise to ensure that all TPR communication is captured.

8 Scheme Advisory Board Communications

The Board received the following items from the Scheme Advisory Board (SAB) for information and / or discussion.

The SPO pointed out that the SAB Bulletins capture any TPR communications that have been issued. The Board noted this but agreed that TPR Communications should be retained as a separate agenda item.

8a FPS Bulletin 7 (April 2018)

There have been slight Amendments to Firefighter Pension Schemes (FPS) which have to be notified to scheme members by 8 January 2019. The SPO advised that a newsletter is being put together for scheme members outlining these changes.

ML raised the following query with regard to pension increases being applied to two pot pensions. There is a qualifying period for these increases from 2007 to 2013 and it has come to the FBU's attention that in some Brigades these increases are not being applied automatically and individuals are having to raise the issues themselves. ML asked how this was addressed in Shropshire.

The SPO advised that the Pensions Department always do a sense check on an individual's pay over their career when calculating a pension. The individual's record will be used for this so it is important that information is kept up to date and any changes in circumstances, such as promotion, are recorded as they happen. The Pensions Department should check the pension as a whole and the pension when split and then pay the better pension to the individual. These checks are done in Shropshire and it is not a common occurrence in this Service. The Board Members were satisfied that sufficient procedures were in place with regard to this issue.

The SPO confirmed that TPR returns had been filed by the date required.

8b FPS Bulletin 8 (May 2018)

The FPS 2006 special members relates to monthly payments to pay off service from other schemes. The contributions are set for 10 years, after which time, a separate calculation has to be done to work out the balance.

Action: TPR Governance and Administration 2017 Survey to be included on the agenda for the next meeting.

8c FPS Bulletin 9 (June 2018)

Member factsheets supplied by LGA will be made available on the SCPF website. The SCPF website is currently being updated to make it more user friendly.

Action: SPO to check links are in place

The Fire Authority has its own GDPR privacy notice as it is the data controller for the Pension Scheme. The Data Officer for the FA have provided an appropriate paragraph to Pensions which is added to correspondence sent out to members.

8d FPS Bulletin 10 (July 2018)

ML raised a query about eligibility to join FPS. There has been an instance in another brigade where a non-uniformed external appointee, who was not trained in firefighter duties, was appointed to a Watch Manager post, which made them eligible to join the FPS, and then immediately promoted to a Brigade Manager position.

The SPO explained that it is set out in the pension scheme regulations that if the contract states there is a requirement for firefighting duties, then the individual is eligible for entry to the FPS. This does, however, raise questions over the interpretation of firefighting, for example does this mean being on the fireground. The regulations state that the individual has to be operational, i.e. resolving, or leading and supporting others in resolving incidents. There is concern that this may possibly have implications for the future two-tier entry scheme.

ML explained that the FBU's point of view is that the situation in the Brigade concerned was inappropriate and ML believes that a challenge was raised within the Brigade concerned. As a consequence, the FBU has asked its representatives to raise the question at their Pension Board. The DCFO confirmed that Shropshire Fire and Rescue Service have not used this approach in any of their appointments.

8e FPS Bulletin 11 (August 2018)

The SPO explained that the outcome of the Public Sector Schemes valuation has been a break in the costcap, which will improve member benefits and a change to the SCAPE rate which will mean a bigger employer contribution is needed. Consultation is currently being undertaken to establish whether this will mean a change to the accrual or contribution rate. The default position is an improved accrual rate. ML reported that the issue is being considered by the Cost-Effectiveness Committee which has started by looking at 10 possible options.

The DCFO reported that initial cost implications for this Service are estimated at between £750k and £1m. The Head of Finance is currently working on this scenario. The issue is also being addressed at a national level as there is an effect on the Police, NHS and Education sectors. It is anticipated that the issue will be considered as part of the Comprehensive Spending Review.

8f FPS Bulletin 12 (September 2018)

8g FPS Bulletin 13 (October 2018)

ML referred to The Pensions Ombudsman (TPO) determination reported in this issue, which relates to which elements of pay are considered pensionable. The outcome of the complaint is that training and USAR allowances are pensionable but day crewing allowance is not. ML believes that the decision is now being challenged through the Court of Appeal. There are also related issues regarding temporariness for which there is currently no definition. The view of the Board is that Shropshire have been pretty good in relation to these issues with changes such as the move to As and Bs helping.

The Board raised concerns about the retrospective effects of the judgment and the SAB is looking to produce guidance in relation to this.

The DCFO reported that he had raised questions at the Pension Conference regarding precedent being set if FRSs have different definitions of pensionable pay. The SPO advised that work is being undertaken by LGA and SAB on this issue due to the variations that exist within pensionable pay.

8a Local Government Association (LGA) Pensions Advice

None

9 Surveys

9a Annual Benefits Statement Survey

This has been completed by the DCFO, SPO and ESO and had identified no issues.

9b TPR Annual Survey of Public Service Pension Schemes

TPR Survey had been completed and submitted this week. Two significant issues came out of the Survey:

- Satisfaction survey – this is currently not done for either the FPS or the Local Government Schemes. The SPO advised that the Pensions Department are looking at devising an appropriate survey and this needs to be discussed with the Pensions Communications Officer.
Action: Satisfaction Survey to be discussed at Pension Board meeting in February.
- Governance and/or administration risks – work needs to be done to determine which are significant for this Service. The DCFO has put the list of risks onto the Board's Risk Register for consideration and determination.

9c Scheme Returns for Firefighters' Pension Schemes 1992, 2006 and 2015

TPR asked for data scores for two elements: common data and scheme specific data.

Common data is related to addresses and personal details and data for this is 90%. Issues to be addressed in relation to this are for example, missing postcodes or individuals being marked as gone away i.e. they are deferred. A workplan and prioritisation will be undertaken to address these issues. Scheme specific data relates to the information used to calculate benefits etc. The current software only provides one data score for the three schemes but there are different issues with each scheme, for example the scheme data for the 92 Scheme is not recorded in the same way as the 06 and 15 Schemes. The 92 Scheme also has legacy issues attached to its data, for example contributions are not recorded for all records. The data for the 06 and 15 Schemes is more complete but there are accuracy issues.

The Pensions Department is going to work with the software provider with regard to getting separate data scores for each of the three pension schemes. Discussions also need to be had with TPR and SAB to clarify what data they are likely to require.

Comparison between Pension administrators is also difficult as a standard software system is not used for producing data scores. The SAB is currently developing a template for reporting. Shropshire has never used contributions to define benefits so this should be taken out of test as it brings the data score down and it is not classed as a requirement.

The DCFO commented that he hoped to see changes in the requirements for next year to allow benchmarking and comparison. There should be a definite change in the data score. The Treasurer cautioned that the scheme data score of 69% might be explained by the factors already discussed but there is a possibility that it may not.

The SPO advised that an action plan needs to be created from the reports provided to address the identified issues. The action plan needs to be drafted and brought to the Board for discussion but consideration was given to whether the initial work needed to be done separately by the Chair or if it should be done by the Board itself. It was agreed that it should be a compromise between the two with the Chair identifying the actions needed and reporting to the Board by exception. The information can then be quantified and presented to the Board in a simple format with a risk level rating included.

Action: DCFO and SPO to meet to summarise information and identify appropriate action with a report being brought to the next Pension Board meeting.

The DCFO stressed that he was keen that any imposition of additional work should fit into procedures as much as possible and should also fit on the back of the SCPF's own action plan.

10 Update from Pension Administrator

The Board received the following items from the Pension Administrator for information and / or discussion.

10a Statement of Annual Benefit Statement (ABS) Issue

The SPO confirmed that the ABSs had been released in the week before 31 August and communicated out to members. Less than half of membership is currently viewing their ABS on line (Local Government Scheme level is around 26%) but this is a good statistic compared to national levels. Work can be undertaken to identify who has registered for Member Self Service and the split of on-call staff within the percentage figure can be identified. High level summary numbers of those registered and those not would be useful. The Treasurer commented that if feels positive that nearly 50% are looking at their ABS but there is concern that this does not include large numbers of deferred members.

10b Feedback on completion of ABS Survey

Covered in item 9a

10c Data Score Returns Update Action Plan

Covered in item 9c

10d Membership Statistics Update and Key Performance Indicators (KPIs)

The majority of membership is in the 15 scheme. Membership of the 92 and 06 schemes is dropping off and the taper date system finishes in March 2021.

The DCFO queried what the uptake of membership is for new employees. The SPO advised that Pensions only know about those who do join but not in relation to the whole number of employees. Auto-enrolment has been brought in with the option for employees to opt-out but they are re-enrolled every three years or when they hit a pay increase trigger.

The KPI target days are set from the administration contract and are based on working days. The performance against the Leaver before retirement age KPI was affected by the process not working in conjunction with iConnect. The task overran because it had been set up too early but the procedure in relation to this has been changed to prevent this occurring again. The Ill health retirement KPI was affected by the person concerned not being in the Scheme but receiving a compensation benefit.

Action: Column showing number of cases relevant to each KPI to be included in future reports.

The Treasurer explained that there is no number for actual days in the Change in circumstances KPI as this is dependent on when the iConnect report is received. The target days were listed for this KPI before iConnect was introduced. The iConnect data is updated automatically on the 19 of the following month and the target days should be 1 day with failure being an exception.

10e Member Self Service (MSS) Statistics Update

ML queried how the percentage of MSS users could go down. The SPO explained that it is due to an increase in people joining the scheme. The percentage is affected by fluctuations in membership numbers.

The current increase is due to recent communications related to the issue of ABSs.

Action: information regarding the updated version of MSS will be included in the next newsletter to members.

10f SCPF Risk Register

The SPO advised that the SCPF Risk Register is currently being reviewed by officers. There are several risks on the SCPF Risk Register that officers think should be included on the Pension Board's Risk Register but consideration needs to be given to whether these are listed one risk or listed separately.

Action: SPO to send SCPR Risk Register briefing note to ESO for distribution to Board Members.

10g **GDPR Update and Impacts**

None

10h **Scheme GMP Reconciliation**

This is being worked on and ITM is being used to look at rectification information and identify those cases that need to be looked at. The deadline for this work is January and the SPO is confident that this will be met with no further investigations being needed.

10j **SCAPE and Cost-Cap Briefing**

This item was covered earlier on this agenda.

Resolved that the Board note the updates given by the Pension Administrator.

11 **Communications issued or due to be sent to Members**

The Board received a list of communications issued to Members and Pensions and discussed the following items.

- **Communications Issued**

The upgraded website should go live in December 2018 and will have and initial soft launch.

- **Intouch Sample Magazine**

The Pensions Department are looking to produce something a similar publication to the one produced for LG pensioners for distribution to Fire pensioners in April 2019.

Action: Pension Board to consider name for publication and give guidance on format etc.

Resolved that the Board note the communications issued.

12 **Training**

The Board considered Pension Board training as follows:

- **Training Register**

Action: to be created and populated

- **Notice of Upcoming Events**

This information appears on SAB Bulletins

Action: DCFO to highlight to Board Members when SAB Bulletin is received.

- **Training Needs Analysis**

To be undertaken when Training Register has been compiled

- **TPR Training Modules**

The DCFO recommended that Board Members work through these as they provide a good basic level of knowledge which can be supplemented by conferences etc.

Resolved that the Board note the points highlighted in relation to Pension Board training.

13 Breaches Register

There have been no recorded breaches so far this year. Best practice is to have a standard form which sets out what action should be taken with regard to any breaches and allows recording of the breach.

Resolved that the Board note the Breaches Register

14 Pension Board Risk Register

The only risk currently recorded on the Risk Register relates to the failure to issue annual benefit statements in line with legislation. There is demonstrable evidence that the Service has not succumbed to this risk. The DCFO highlighted the generic risks referenced in TPR Annual Survey and stated that these would be considered locally.

Action: DCFO and HR Manager to assess risks and populate Risk Register including Shropshire Council identified risks.

Resolved that the Board note the Risk Register and the additions to it

15 Register of Internal Disputes

There have not been any to date this year although there have been some questions in relation to a previous dispute.

Resolved that the Board note the update on the Register of Internal Disputes

16 Contract Management

The current Pensions Contract runs up to March 2019. This has been extended to March 2022 with a new contract being written to include payroll. This draft contract is currently with the Service's Legal Team for consideration.

The DCFO advised that the Contract could be updated to include three Pension Board meetings per year as discussed at item 5 on the agenda or this can be added as an additional payable requirement.

Action: Contract to be updated to include three Pension Board meetings per year

Resolved that the Board note the update given

17 Date of Next Meeting

The next meeting will be held on 14 February 2019, 2.00 pm at Headquarters.

Action: ESO to send diary invite to Members

The meeting closed at 3.40 pm

Chair.....

Date.....